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February 1, 1963

NOTES ON THE EUROPEAN PROBLEM
NSC REVIEW COMPLETED,

In my opinion the consideration of our policies for the defense of Europe must involve a review of all of the original factors that guided our decisions to assist Europe economically after the war, to create the North Atlantic Alliance, to implement the Alliance by the establishment of the NATO forces, the decision to defend Europe with nuclear as well as conventional weapons and a number of other basic decisions made in the first instance. It would be unproductive to try and "patch up" the current unsatisfactory situation or to develop a "gimmick" design to bring political pressure of the sort on De Gaulle, Adenauer or others.

DOE review(s) completed. The basic changes are manifold. They must be recognized and in my opinion the time has come for a new design, not a patch-up of the old design.

What are the changes?

1. The Soviet Union has made enormous progress politically, economically, and militarily. They have not advanced to the West physically; likewise, they have not given up areas subjugated to their

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domination after the war, i.e., the satellites. They are following a course of political action rather than military action to accomplish their goal. (Note the recent Khrushchev-Tito detente). But they have not dismissed military action, for their substantial military forces remain deployed and in a state of readiness. In addition they have located six or seven hundred medium range missiles capable of carrying 1500 to 2000 megatons of the thermonuclear warheads to every point in Western Europe, the British Isles, much of Scandinavia, and most of Spain. They can, therefore, incinerate all of Western Europe but this can hardly be considered as an appealing prospect for them. Obviously they intend to maintain this capability, enlarge it somewhat, and render it invulnerable as they are now "hardening" a great many medium range missile sites.

The conventional military threat to Western Europe from Russia is equal to that in the post-war period and the now fully developed thermonuclear threat adds a completely different dimension to the picture.

In still other areas changes within the Soviet Union are enormous and must be taken into consideration, in determining forward policy. Production of resources, particularly oil, has shifted from shortage to plenty or perhaps over-production. In 1950 Soviet economic

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development and their military program competed for available petroleum resources and now Soviets are able to export substantial quantities of oil, to both East and West, and to use it as an economic lever which they are doing effectively in Japan, and Italy, and for that matter, all Western Europe. Uranium, thought to be in short supply a decade or more ago, is now adequate. Most but not all natural resources appear to be in adequate supply to meet Soviet demands with possible exception being nickel and here the Soviets are exploiting the Cuban nickel properties on an urgent basis.

Industrially, they have developed both quantity of production and in the sophistication of their machine tools and most of their products, depriving the Soviets of our special equipment; does not affect them seriously because of their own ability to develop their own resources and to the extensive support from industrialized satellites, most particularly Czechoslovakia; and finally, their ability to purchase almost anything from Western Europe which is needed, and the Scandinavian countries.

The changed economic and industrial situation within Russia in addition to the changed military situation should enter into our "basic thinking", of our policies with respect to Western Europe.

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In the free world, the changes have been more dramatic and more important from the standpoint of "basic thinking". In considering our policies towards Western Europe, we should project ourselves back to the circumstances existing in 1947-8-9. Our problem then was to save the number of countries desperately in need of help because of the destruction of war and a long period of occupation. Western Europe needed help and we gave it to them. Reconstruction was a matter of highest priority. The problem in the late '40s was how to get enough food into Europe to sustain life. At the same time it was necessary to create some semblance of a military organization which would stop the Communists from rotting westward to the Channel and perhaps further. This was done successfully though it is questionable whether the military organization placed in Europe served any purpose other than that of a "trigger" which would bring our long-range atomic delivery capability into action. The need was so great that the Western European countries would accept almost any kind of an arrangement in order to secure our help. What it really saw, was unless they got along with the problems of rehabilitation of feeding their people, providing jobs and all the rest, a Communist takeover was almost certain. The press, however, was great from the standpoint of their dignity as independent nations. For a long

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period, they were forced in an economic interest to accept our leadership and our will, indeed, our dictation, in defense matters. NATO was organized under United States command and direction at all important levels and it has never changed. Resentment has grown up over this. A feeling exists in all the Western Europe that they are subservient to the United States and for this reason they do not feel in their hearts that they have a responsibility to defend their country. They feel the United States has preempted this responsibility, and hence they go along.

These conditions are all changed now. The nations, everyone of them, are affluent. Despite losses of colonies, they continue to be prosperous. Their industrial machines are modernized and highly productive. Their agriculture is satisfactory. Their reserves of gold and foreign currencies have risen sharply and are now at unprecedented levels.

This raises the question of their importance as independent nations - in short their dignity. De Gaulle sees this and expresses it in a most articulate way. It meets his personal belief, his doctrine, his egotism. In my opinion, the restlessness is deep in Europe. This restlessness made De Gaulle - made it possible for him to do what he has done. The fact that he could not emerge onto the stage

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of power until the conditions which I have mentioned were well on their way, is proof itself that the movement is deep throughout Europe, and it must not be studied merely from a standpoint of "the De Gaulle problem." It must be studied as a problem that rests in the minds and in the hearts of all Western Europeans - Germans, Italians, French, Low Landers, the Britons themselves. The manner in which it is expressed by political leadership is dependent upon the degree of political security the leadership has. Most of them are insecure and hence cannot "rock the boat." De Gaulle is different. He has authoritarian power and he is expressing a philosophy which he has held since the fall of France in 1941 and has made him difficult through the years. But he is also expressing a sentiment of people all over Europe which is they seek, and must have a dignity - "a seat at the table" which they do not have because the present order of things was developed when they had their hat in their hands and could not demand such a seat.

This, then, is another reason why we must approach the problem before us on the basis of basic and fundamental considerations, not a "patchwork job."

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The United States situation also was changed in a great many respects -- some for the better, some for the worse. Militarily we are stronger, infinitely stronger than we were in the early days of the creation of NATO. Comparatively with the Soviet Union we are less strong; in fact our position has changed dramatically because then we had the exclusive deterrent. Now we have what might best be defined as a "clear stalemate". In the late '40s and early '50s we could inflict unacceptable damage on the Soviet Union and they could not damage the United States. Therefore we had a true deterrent. Today the consequences of a general war appear unacceptable to both sides. Hence, the military considerations upon which NATO was designed are, in my opinion, no longer valid. The "trigger and massive deterrent" is open to question. Defense of Western Europe by ground forces using conventional weapons, even if the Western Europeans met their agreed goals (which they have not by a wide margin), is likewise open to question. The use of atomic weapons to supplement our inferior forces raises the question of escalation to general war with devastating consequences throughout the world and this, too, then is open to question. Changes in the military balance have brought no fundamental changes in the plans of years ago, for new decisions are hard to make, old policies hard to discard, and new policies hard to agree upon. This, then,

is still another reason for some basic fundamental thinking.

Economically the United States has grown stronger, but competitively with the rising industrial strength of Europe, it grows weaker. Our markets throughout the world are being preempted by less expensive manufactured articles produced by lower-class labor of Europe and of Japan. This situation will grow with time, for European costs will reduce still further with increased quantity production with the United States being in a non-competitive position because of high labor and will be forced out of more and more markets. Our balance of trade, now in a deficit position, will probably become more serious with the passage of time.

This affects our gold situation. Our gold reserves have been drained to a point where we are now in serious jeopardy. The European countries decided to cash in on their holdings of government securities our gold reserves would be drawn down below statutory limitations necessary to support our currency. Further reductions are intolerable but they will go on because of the drain of the dollar to meet the requirements of military personnel deployed overseas, most particularly the 400,000 in Europe and the non-competitive position of our industry generally, with the exception of a few very special situations. A decade or

more ago we were struggling with the problem of how to get dollars into the hands of Western European countries. Our exports were exceeding imports by an alarming amount and this caused all countries without exception to block their currencies. The situation is now changed and, if not rectified, the United States will have no course of action other than blocking the dollar and thus destroying it as the foundation for the world monetary system. That is another reason why our policies must be reviewed on a very fundamental basis and not on a "patch-up" basis.

Finally there is a question of our nuclear policy. We labor under the Mc Mann act designed quite correctly at the time when we were exclusive possessors of the atom bomb and felt we harbored within this country all know-how on the subject. An event at the end of September 1949 proved we were wrong. Later we found through exchanges with the British that they knew just about as much about the subject as we did. More recently the French, on their own, have come a long way in the field and many other countries have technical resources to develop an atomic capability. Most importantly our analysis of Soviet testing, our knowledge of their laboratories, our exchanges with their scientific personnel, indicate a sophistication

on their part which approaches ours. In some respects we are ahead of them; in others they are ahead of us. From a standpoint of war-making potential, there can be little to choose. In my opinion the threat to the United States and to the Free World would not be appreciably changed if they had access to all our scientific knowledge and our threat to them would not be appreciably changed if we had access to all of theirs. Therefore our dogged determination to protect atomic "restricted data" in a very special way, in the late '40s, is now open to very serious question.

Policies we must follow because of the present laws exacerbate our relationships with our allies and lie at the root of much of our difficulty. It is my opinion that had we not made a bilateral nuclear military arrangement with Britain, our relationship with Britain today would be just as strained as our relationship with de Gaulle. It is further my opinion that the situation will become more critical with more countries with the passage of time than it is today.

What has happened is that by retaining exclusive control of the principal means of defending Western Europe we have placed all of Western Europe in a position of mercenaries, -- hired soldiers to carry out certain functions and operations and operations at our direction. It is no wonder to me that Europe will not fulfill its commitments under these arrangements.

21 February 1963

Second version:

NOTES ON WESTERN EUROPEAN PROBLEMS

I believe that basic changes must be made in our nuclear policy if we are to develop a lasting, dependable plan for the defense of the Atlantic community under the circumstances of today and for the decades ahead. Conditions are distinctly different now from those existent in the 1947-1950 picture, when the present NATO concept was developed, with the U.S. the dominant figure with exclusive jurisdiction and control over all forms of nuclear armament.

Russia is different. It has changed economically. It has grown in its influence as a world power and its relationships with others -- though the fundamental purpose of Soviet Communism remains unchanged. It has become a very great nuclear power and, therefore, has become a threat to all of the world and at the same time it has retained substantial conventional forces.

Western Europe, too, has changed. All of the countries are organized politically. Reconstruction is complete, production facilities rebuilt and expanded. The countries are comparatively wealthy. The people are affluent, proud, competitive, and determined. They wish a principal, not a subordinated voice in their defense. All of these factors have provided the stage for de Gaulle. When conditions were different, de Gaulle was forced to "remain in the wings." Now he can stand on the stage, demand and secure support throughout France unprecedented in recent years.

The United States has changed. We are infinitely stronger militarily but we are no longer free from possible attack and hence there is a new dimension to the problem of our own security. Economically we have changed also. We no longer dominate the economic and commercial scene. The balance of trade remains favorable to us but less so than a decade ago, nevertheless our gold reserves have fallen off dangerously. High costs are hurting our competitive position in world markets. All of these factors lead me to the conclusion that unless we steer a prudent course we can within a decade find ourselves in extremely difficult circumstances.

Finally, atomic know-how has changed. A decade and a half ago we dominated the field. The British knew something about it (much of which they had learned from us) and we felt, although incorrectly, that others had neither the technical resources nor the financial means to develop a nuclear capability. Restrictions of the Atomic Energy Act (McMahon Act) which cloistered this precious know-how were valid in 1947 but they are not now. Since Russia is now a sophisticated nuclear power second only to the United States, is it not more important to use our nuclear resources to meet the security needs of our Allies under plans which they and we can live with and support enthusiastically for the next several decades, than it is to keep this know-how to ourselves so that the Russians will not get it when we know all too well they already have it.

Turning to more specific concepts, I believe:

France will succeed in her atomic program, her build-up of plutonium will continue, her gaseous diffusion plant will be operational in

3 or 4 years and by the end of this decade, she will have developed an array of nuclear weapons including thermo-nuclear devices of substantial yield together with a delivery system. Within 10 years France's nuclear capability will, in my opinion, be adequate to serve as a formidable deterrent to Soviet aggression although her nuclear resources will not approach the very formidable Soviet MRBM and IRBM missiles with nuclear warheads nor the Soviet medium range bombers which will then exist. As the French nuclear capability grows, she will influence European states away from us, and when her capability reaches a point of providing adequate deterrence, she will persuade Western Europeans that they no longer need us and will "ask us out of Europe." This will occur with, or without, British cooperation but the probability is that during these years economic necessities will force an adjustment of the differences between France and Britain and hence the European bloc I envisage will include Britain.

During this 10-year period, the United States maintenance of 400,000 men in Europe (with their dependents, a total of about a million Americans stationed there) will be a continuing drain on United States gold reserves and, if the estimates given me of \$6 to \$8 hundred million per year are correct, it means the maintenance of this force would represent a loss of \$6 to \$8 million in gold and this is about all we have over and above our statutory reserve requirements.

This factor alone requires a reappraisal of policy.

On the question of war, I am not at all convinced the United States will become involved in all conflicts in Europe unless we are drawn in by the spilling of American blood of men stationed in Europe. In the absence of this latter situation, I can see a war in Europe, conventional or nuclear, from which the United States would withhold participation for the simple reason that people in this country and their political leader would not accept the consequences of a nuclear attack on the United States. This, I know, is heresy in present day thinking but our attitude could easily change in the future. We say today with a great deal of determination that we would join the battle if Europe is attacked, but will we if the price is 40 or 50 million casualties in the United States? This is a question that de Gaulle raises. To me it is logical and impossible to answer in the absolute, and because of this feeling I believe we should encourage, rather than discourage, European defense capabilities, both conventional and more particularly nuclear.

The multilateral force concept does not answer these problems. It provides a little more access to nuclear weapons than now exists -- but not much more. It provides consultation in the use of weapons but in the final analysis, the President of the United States "has his finger on the trigger" and that is the only finger that controls the final decision. The Europeans sense this. De Gaulle resents it and the others are willing to assume a minority role and enjoy prosperity and affluence under the protective shield of the United States. In effect, they are mercenaries.

The multinational force also does not solve the critical United States fiscal problems and unless these are solved, we will be driven to a revision of policy through desperation.

In view of all of the above, I therefore suggest that we propose to Western Europe that they form a political unit with or without Britain, and design it to manage their defense, including nuclear weapons and rockets with thermonuclear warheads. STAT

STAT [REDACTED] The countries involved to provide the launching structures which could be hardened bases, mobile units, or surface craft.

To meet this requirement, we would probably have to develop a new generation of Minute Man but this could be done rather easily and train the European nations in its use STATINTL [REDACTED]

STATINTL [REDACTED] As these units were delivered, put in place, and made operational, we would withdraw American troops from Europe, setting as a target date about 1967 as a time when we would be out of Europe completely.

The Western Alliance would continue, but in a new form. Appropriate treaty would be worked out under which one side would come to the defense of the other, just as is the circumstance in NATO at the present time. Appropriate arrangements would be made for an Atlantic Council Standing Group, consultative committees; collaboration in intelligence matters.

and all the rest. But the essential difference would be that the Western European unit would have control over their own nuclear resources and the United States would exercise no voice in that control; and on the other hand, the United States would have control of its own nuclear resources and Western Europe would exercise no control over these resources.

Under such an arrangement, France might not consider it essential to develop its own independent nuclear resource, but if it should decide to continue, that decision should be of no concern whatsoever to the United States. We should, among other things, stop concerning ourselves about this particular internal affair of France. However, suitable understanding should be reached that the United States was supplying resources to a Western European multi-national establishment, and these resources should not go into the hands of any one country, and if such a circumstance would develop, we should be privileged to withdraw the resources.

Finally, an arrangement should be made on economic and trade matters which, at the present time, are more or less tied into our NATO military undertakings.

The above involves an extensive modification of policy; drastic changes in existing law; and an entirely new and fresh look at how best to preserve the security of the free world. Certainly this security cannot be accomplished in the decades ahead by hanging on to the pattern of the late '40s and the legal restrictions applicable to that today.